

ALG minutes September 16, 2010-- final

Present: Bart Wendell, facilitator; Lauren Rosenzweig-Morton, Mike Gowing, BOS; Xuan Kong, John Petersen, SC; Mary Ann Ashton, Bill Mullin FC; Steve Ledoux, John Murray, Steve Mills, and Don Aicardi, Staff.

Audience: Steve Barrett, Town Finance Dept; Marie Altieri school personnel dept.; Ruth Kohls, LWV; Dick Calandrella, Clint Seward, and Charlie Kadlec, AVG.

1. Draft minutes of 08/17/10 were passed with corrections in spelling

2. **Budget Review & Update**—Steve Ledoux & Steve Mills

Extra information: documentation from recap sheet re free cash certification

Free cash—general fund \$4,650,574; nursing enterprise \$83,935; COA van enterprise fund \$17,456; septage enterprise fund \$109,141; Recycling/transfer station enterprise fund \$2,435,334; sewer enterprise fund \$355,011 and ambulance enterprise fund \$697,823.

Steve Mills reported that there was nothing new. APS returned \$200k to free cash & AB returned \$225k to E&D. He added that the \$600k for special Ed was “in hand”

He was looking/asking about possible 9 c cuts.

He announced a new Federal Ed Jobs program where Acton will get \$770k over three years.

Mary Ann: Free cash is higher than projected---why?

Steve Barrett: we closed off some accounts---\$1.275M from overlay; closing warrant articles @\$1M; between Town & APS over \$1M in turn-backs. There is a \$150k deficit from loss in interest and excise--- we have to go into FY 11 using FY 10 numbers for excise; we expect a \$750K drop in permits; we added a one-time tax title of @ \$500k; the NESWC piece went into an enterprise fund and was drawn down but we kept the \$1M for the liability.

Bill: we projected @ \$6.6 M of free cash; we now have \$7M plus a \$1 M in reserve--- that gives us a \$400k gain on paper. Who controls the \$1M NESWC liability?

S. Barrett: we keep it on the books as a liability—it is Acton’s share [of the estimated clean-up costs]

MaryAnn: I think we have to plan as if the “spigot will be turned off” after the election—we will not hear about any 9c cuts before the election

Steve B: I don’t see an impact for FY11 but for FY 12 we should expect a 10% cut [in state aid]—we budget for that anyhow.

J. Murray: MMA is saying that there is already a \$2b deficit for FY 12 & if there is a sales tax roll back that loss will be added to the existing \$2b deficit

2—discussion of waterfall proposal

Extra info: waterfall proposal accepted by the ALG and all three boards last January and the concept at April Town Meeting

Bill: We worked with a 10% cut in Ch.70 between FY 10 & 11---the waterfall concept was designed to make sure the school debt was covered (\$300K) & the “most draconian cuts” (\$700k) were ameliorated—the original plan had \$500k as coming back under step three to be allocated to the taxpayer. “We ended up slightly worse off so the taxpayer portion is \$216k. The mechanism for the allocation to the taxpayer has to be at the time the BOS sets the tax rate (in early December) We now learn that there is additional money from the Ed Jobs bill---how will that impact the waterfall? Should we, as a Town use some portion to supplement the waterfall?”

We need to make the decision here & then go back to our boards—what are the Federal “strings?” When the finance dept looks to do the recap sheet, they need to resolve the \$150k shortfall in local receipts.

Bart: What are the strings?

Steve M: The Ed Jobs bill is crystal clear the money is to be used for staff and benefits. I suppose we could do a “shell game.”

John P: This money is not Ch 70---which was the focus of the waterfall---it cannot be part of the waterfall. We need to figure out how to manage the reserves & look to taxpayer relief in FY12.

Lauren: we need to be cautious we do not know [the level] of local revenues or any 9c cuts. I am concerned about FY 12 ----the stimulus money is going away.

Bill: I could not disagree more. The waterfall is public policy---if we wish to change it---that’s another discussion. It was designed to deal with just the circumstances before us--it is not consistent [with the waterfall] for the SC try to preserve the money for FY12. Can we turn the \$218K (the number on the waterfall sheet) into \$500k? I hope no one is to use sophistry—the waterfall policy has been helpful to both the town and schools. We need to remember it is public policy & trying to preserve the money for FY 12 is just not consistent.

Bart: any more comments or is this a show stopper?

Bill: under the law we can move money around—I think this is a conversation starter---we go back to our boards and see if we have the frame work [for implementation of the waterfall or changes]

Xuan: last year we projected Ch. 70 for FY 11 & it came in higher. The new Jobs grant is spread over three years—11, 12 & 13---we need to take into consideration that its use is not to augment CH 70.

Mary Ann: we will only have \$66k to fund tax relief when you deduct the \$150k loss in local receipts.

Bill: the public policy did not say anything about off-setting variations in local receipts

Lauren: it becomes difficult to pay [tax relief] when local receipts are dropping-- if the projections for new revenues were greater it would make sense.

Bill: the vote [for the waterfall] refers to Ch. 70---this is sophistry vs. games

Bart: the “game” in this case is judgment.

Bill: but we cannot vote for something and eight months later discard it because we do not like it.

Bart: (pause) It’s good to see you [Bill] again. This looks like the beginning of another “interesting year.” Take note that what you see as games, others may see as legitimate concerns. If we start out like this the positions will get dug in and we will have a very rough year.

Lauren: I may have been naive not to understand the full implications of the waterfall. I just know that in general state aid is given & taken away. I don’t think we should make cuts when we cannot cover our budget. Last year we [Town] did a hiring and spending freeze, helped the schools—we have done what we could to keep whole---I’m not sure we can give back.

Bart: if that reason is legitimate---how does it differ from the policy. Is the disagreement in regard to the policy or the implications?

Bill: the extent of this change is a change of the policy. I see the policy as being hugely beneficial to both the town and schools—now it’s the taxpayers turn. If we are going to apply the vote [waterfall policy] for the FY 11 budget it needs to be done when the selectmen set the tax rate.

MaryAnn: this has been a good discussion—it’s time to take it back to our boards---Is the waterfall still policy? We also have a mechanical issue---we have a shortfall in local receipts and new money from the Ed Jobs. If the three boards agree, we then we will look to the managers about how to make it happen

Bart: What’s the timing?

Steve L: if we do not apply the \$150k local shortfall to the waterfall, then we will have to make \$150k in cuts. If we want to lower the appropriation then we need Town Meeting vote---the warrant for the STM on Oct 12 is still open.

John M: I’m not sure what it is we will take back to the boards: FY 11 or 12?; total revenue; segmenting Ch 70? Is the shortfall part of the total revenues?

Caution this [\$150k] may be just the stat of the shortfall---revenues could increase or decrease, we will know more in November.

Xuan: last year we had to guess total receipts---what happened to make a \$150k shortfall?

Steve L: the projection is from June 30th---we cannot project more than has come in

Bill: at the time [annual Town Meeting vote] we could not put a number on Ch 70 but we allocated a specific number

Bart: is there agreement that the Ed Jobs grant is for three years---can it be considered [as a revenue source for the taxpayer's return]

Don: the last charge against the Ed Jobs grant is Sept. 30, 2012 we can start charging for FY 11, 12 and three months of FY 13.

Bart: the second piece is the timing---are we talking about a two-week window [to meet the warrant requirements for the STM]---what's the deadline for the boards & committees?

Bill: the setting of the tax rate

John M: are we really going back to Town Meeting in two weeks to reset budgets?

*******Bart:** is there agreement to the tax rate setting time? (nods of agreement)

*******agreement that we will not go to Town Meeting**

Bart: Is there anything that needs to be discussed before setting the tax rate? The specific pot for the Ed jobs money; Reserves?

John M: There is a genuine disagreement as to the intent of the waterfall language as it applies to multi-year federal grants. I do not see we are changing policy---we are attempting to come to consensus on the differing intent of the parties.

Bill: I'd like to see the formula for the NESWC liability number

*******Bart: for the next meeting each entity will come back with their stand on the waterfall policy---agreement**

TASK: staff to get Bill Mullin the formula for the NESWC liability number.

3. Spreadsheet-- New format

Extra info: spreadsheets sent by email

MaryAnn: there is too much info on the spreadsheet to be useful---the summary on the front will show the vetted numbers and explain any changes. I want you to take this back to the boards and see if they have any changes for purposes of clarity. I think we need to do debt exclusion as a revenue

There were some suggested changes such as actual & it was agreed to take back to boards for review. The spreadsheet will be on the agenda for the next meeting

4. ALG schedule

Extra info—a master calendar with meeting dates of the boards & holidays

ALG scheduled meetings: October 28, November 18, December 16, January 13 & 27th, February 10 & 17th, March 24th.

AGENDA for October 28

Minuteman

Update on budget revenues

Waterfall

ALG spreadsheet format

5. Public

Mr. Kadlec said there are three ways to address the \$150k shortfall: reduce appropriation; tax reserves and three, from the levy. The first two need Town Meeting approval. His preferred method was to take it from reserves rather than the taxpayers.

Adjourned 8:45

Ann Chang